

How Hospital Labs can Increase Revenue

Azalea LabHub™

Azalea LabHub™ is a low cost, fully customizable, and easy to navigate web based ordering and resulting system for medical laboratories.

Hospital labs implementing the Azalea LabHub™ solution can easily achieve their ROI in just a few weeks and expect to increase hospital revenue by \$300,000 or more with just five additional physicians sending an average of 10 lab tests each per day.



Executive Summary

Hospital Laboratories can sometimes forget or overlook the additional revenue opportunities available within the local outreach areas they serve. The complexity of providing lab work for the hospital's in-patient and outpatient testing in addition to regulation compliance are some of the reasons the additional revenue opportunities are not pursued.

Legacy laboratory information systems (LIS) or expensive add-on modules for the LIS are primary reasons that lab directors may not market the hospital lab services to additional area physicians and medical providers to increase outpatient (OP) lab orders for the hospital's lab.

Azalea LabHub™ was created as a low cost solution to give a lab director or lab manager the tools needed to easily capture additional lab business in his/her local outreach area without having to recreate the wheel when it comes to the current LIS. Hospital labs implementing the Azalea LabHub™ solution can easily achieve their ROI in just a few weeks and expect to increase hospital revenue by \$300,000 or more with just five additional physicians sending an average of 10 lab tests each per day.

"We took advantage of Azalea Health's LabHub system to increase efficiency and maximize the profit potential of our hospital laboratory. LabHub's web based ordering and resulting system easily interfaced with our Laboratory Information System. Now we enjoy faster lab result turnaround times, a more accurate and simplified ordering process for our physicians, while experiencing increased revenue by capturing additional area lab business as well as reimbursement through medical necessity cross references built directly into the system."

Jim Matney, CEO
Smith Northview Hospital

Major Challenge faced by Hospital Labs

Competition with National Laboratories and Reference Laboratories

Although hospital and reference labs depend on each other in many ways, they also will compete for local outreach lab testing. When considering the amount of billable tests at large in a hospital's local area, the opportunity to increase revenue through increased lab orders can be enormous. Many reports estimate the national laboratories as Quest and Lab Corp have 70% or more of the local testing market. Hospital labs have an excellent opportunity to grab some of that market share.

A primary reason medical practices do not use their local hospital lab has to do with modern information technology. The large national labs are able to offer their physician clients the ability to electronically place lab orders and receive lab results back electronically. The ability to interface lab results into a physician's electronic medical records system (EMR) has become a major criteria for many physician practices in choosing a testing lab.

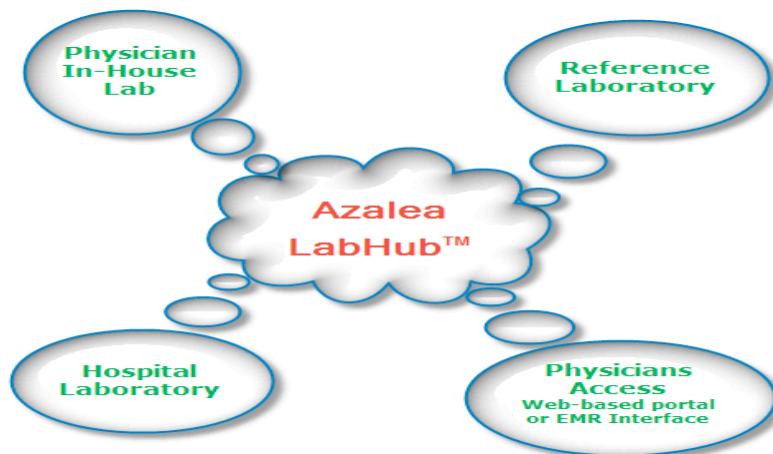
A featured story by the College of American Pathologists points out how the ability of the lab to interface with a physician's EMR is now a key physician criteria for using a lab.

"The lab director for White Plains (NY) Hospital Center thought that ordering and results reporting for his Lab's outreach program worked perfectly well.

He paid a marketing call on a 15-cardiologist practice that his lab hoped to take on as a client.

"Basically, the chief physician said 'We'd like to do business with your lab.' But his premium question was not 'What's your turnaround time?' Or 'What instruments are you using?' It was: 'How are you going to get the results into my electronic medical record?'"

Azalea LabHub™ is a low cost web based ordering and resulting system that interfaces to any laboratory information system, including delivering lab results into a physician's electronic medical records (EMR) system. The physician or medical provider can also view the results on his/her computer via a web browser and print the results as needed, or have the results printed directly to a fax machine.



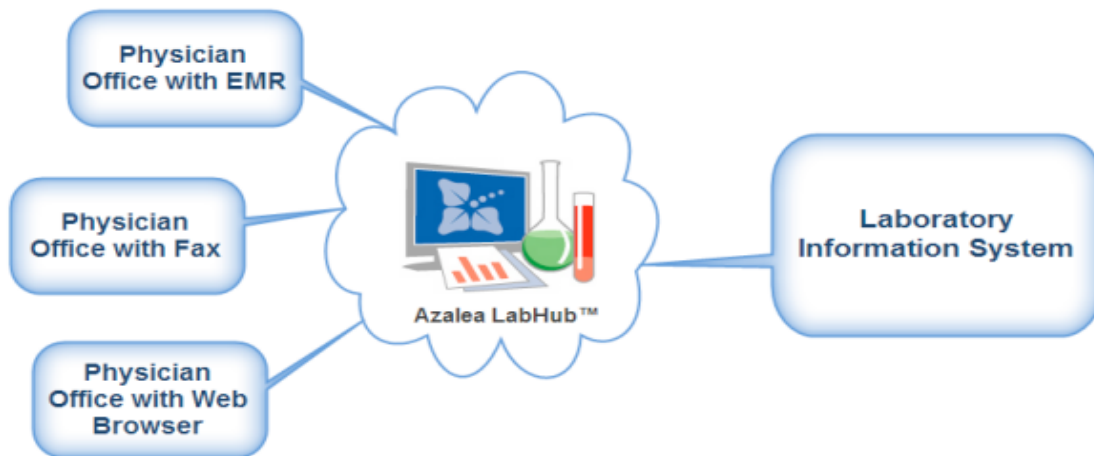
Solution Description

Azalea Health Innovations designed a web based laboratory ordering and resulting system that easily interfaces with the existing hospital LIS system and connects to physician EMR systems for e-ordering and resulting and is standards compliant (HL-7, EDI).

Azalea LabHub™ will simplify and improve the ordering and resulting process which will save your laboratory valuable time and money. Lab results are delivered to the physician, medical clinic, or nursing home client in three ways: Web browser which can be viewed, printed and/or saved as a PDF file, delivered electronically into the practice EMR system, or sent directly by fax.

The user-friendly application gives your clients the powerful tools they need to streamline Laboratory ordering and resulting, thus freeing their time for patient care.

Azalea LabHub™ Implementation Scenarios



In addition to developing a web-based solution for medical laboratories, Azalea Health took it a step further by addressing the significant revenue that is lost by hospital labs due to claims denials. They have included a module that checks medical necessity rules at point of order entry as well.

According to the Healthcare Financial Management Association (HFMA) *“Organizations that have made strides in improving the management of medical necessity denials share one key characteristic: their priority is to prevent denials from occurring in the first place”*



Solution Benefits

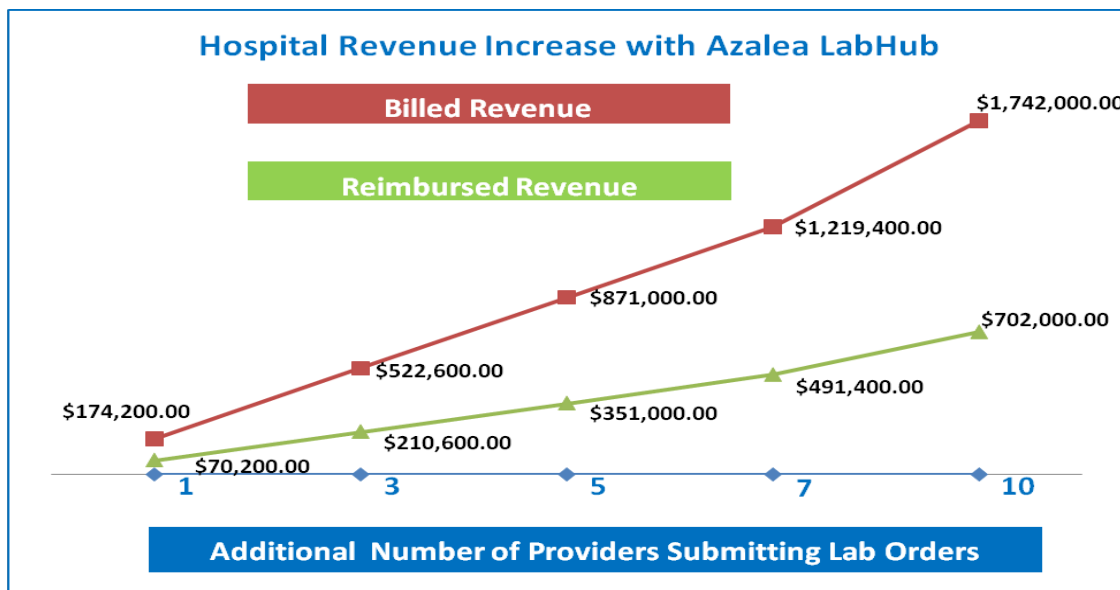
Compete with the National Labs - Increase the number of clinics/providers sending lab orders: Physicians, medical clinics, and nursing homes in the local outreach area will see the value your hospital lab provides with LabHub's easy to use web-based portal for quick lab ordering and resulting.

Hard Dollar Return on Investment with Azalea LabHub™

Working with several hospital laboratories in the southeast in the last quarter of 2009 and first quarter 2010, Azalea Health Innovations has found that the average revenue per billable lab test is currently between \$67 and \$71. Actual reimbursement per billable test was found to be approximately 40% of the billable test or \$26.80 to \$28.40. In the following scenario we use \$67(billable) and \$27(reimbursed) to show the potential revenue available by increasing hospital lab orders.

Increased Lab Orders = Increased Revenues \$\$\$

Additional Providers sending lab orders	Increased Number of Lab Orders Weekly	Annual Billable Revenue Increase	Annual Reimbursed Revenue Increase
1	50	\$174,200.00	\$70,200.00
3	150	\$522,600.00	\$210,600.00
5	250	\$871,000.00	\$351,000.00
7	350	\$1,219,400.00	\$491,400.00
10	500	\$1,742,000.00	\$702,000.00



Summary

LabHub = Low Upfront Capital Investment

Azalea LabHub™ represents a low upfront capital investment for hospital laboratories, and because LabHub is web-based no additional hardware or software is needed. More importantly, Azalea LabHub™ will help generate additional revenue for the hospital and reduce the amount of claims denials due to medical necessity validation failure, further adding to the hospitals bottom line.

Quick/Positive ROI - The addition of one small practice submitting lab orders will pay for itself in just a few weeks.

There is no need to recreate the wheel in the hospital lab when developing a new outreach strategy. The beauty of LabHub is its simplicity and it works very well with any laboratory information system. Azalea Health Innovations provides the interface from the LIS and our team approach assures implementation success. Additionally, your success is our success; we provide full training as well as guidance when marketing your outreach lab services.

Azalea LabHub™ will help your hospital laboratory gain market share and increase revenue in your local outreach area by giving the physicians and medical providers the ability to easily order and receive results electronically. The ability to connect your lab electronically along with the fact that a hospital is the largest provider of health services in the local outreach area will give your laboratory a competitive advantage over the national labs.

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More Information

References:

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